

Qualifying Health Care Expenses

Medical expenses as defined in Section 213 of the Internal Revenue Code (except insurance premiums and long-term care expenses) that are not paid by any insurance. Included are such things as:

- Eye exams, contact lenses, contact lens solution, glasses, LASIK surgery*
- Dental exams, cleaning, fillings, crowns, braces*
- Chiropractic care
- Drugs, medicines and insulin
- Hearing aids and exams
- Routine doctor visits
- Co-pays and deductibles
- Over the Counter Meds Used to treat a medical condition

Employees can include expenses for everyone on their tax return, even if not covered on your insurance. *Contact ASI for additional information regarding LASIK surgery or braces.

Ineligible Expenses

Insurance premiums, warranties, service agreements, cosmetic procedures or products, health club dues, over-the-counter vitamins, herbs & nutritional supplements (if purchased only for general good health purposes).

Dependent Care Expenses

Child and/or adult dependent care expenses incurred that enable you to work. If married, your spouse must also work or be a full-time student. You must claim the dependent on your tax return. If divorced, you must be the custodial parent, but are not required to claim the exemption. Your child must be under 13 or if care is for an older person he/she must be incapable of self care. Refer to IRS publication 503 for more information. Expenses include such things as:

Day care centers (must comply with state and local laws)
Babysitters
Pre-school (before Kindergarten)
General-purpose day camps

Ineligible Expenses

Food, transportation, or activity fees
Education expenses (Kindergarten or higher)
Overnight camps (including day time portion)

Care provider cannot be:

Your spouse or any dependent
Your child under the age of 19
Private school tuition (Kindergarten or higher)

To Assist with your Election Decision

View the
Flexible Spending Account
PowerPoint presentation at
www.delawarepersonnel.com/benefits

You will also find:

Enrollment Instructions
Summary Plan Description Booklet
Direct Deposit & E-Mail Notification Form
Unpaid Leave of Absence Form
Election Change Form
Claim Form

And

Information on Other Benefit Programs

If you do not have access to the Internet, please contact
your Human Resources Office or call
Statewide Benefits Unit at 302-739-8331

How and When do I Enroll?

Online Open Enrollment
is November 1 to November 21, 2005
for the 2006 Plan Year,
January 1, 2006 to December 31, 2006.

Enrollment Instructions available at
www.delawarepersonnel.com/benefits.
Enroll online at www.asiflex.com/de
Employees are **required** to print a confirmation
statement of their enrollment, as this will be
required in case of a discrepancy in the election
amount and/or to verify enrollment.

Flexible Spending Accounts

Online Open Enrollment
is November 1 to November 21, 2005
for the 2006 Plan Year,
January 1, 2006 to December 31, 2006
at www.asiflex.com/de.

**Put more Money
in your Pocket!**



Reduce your Taxes!

Save Money on:
Health Care Expenses
(Medical, Dental, Vision)
Dependent Care Expenses
(Child Care, Adult Care)

How do Flexible Spending Accounts work?

You decide how much to set aside in each account for the upcoming plan year, which may not exceed the annual contribution maximums in each plan. This is called your "election." Your election will be divided by 26. If election is not equally divisible by 26 then slight rounding will occur in each **pre-tax** pay deduction. Your salary will be reduced by this amount each pay to fund your Health Care and/or Dependent Care Accounts.

Claims are filed with ASI, the State's FSA vendor, after incurring a qualifying expense. Employees will be reimbursed up to their annual election for a Health Care Account claim and reimbursed up to the amount available in the account for a Dependent Care Account claim. ASI processes claims daily, no later than the 1st business day after receipt of a qualified claim. **An expense is considered incurred when the services are provided or the products are ordered.** Expenses must be incurred during the plan year, January 1, 2006, to December 31, 2006. This may or may not be the same time a bill is received or paid for the services or products.

Include only those expenses you are sure you will incur during the plan year when predicting your election, since any amount you do not incur for qualifying expenses during the plan year will be forfeited in accordance with the IRS code and the State of Delaware plan specifications.

What are the minimum and maximums?

- For a health care account, the minimum election is \$50.00 and the maximum is \$3,000.
- For a dependent care account, the minimum election is \$50.00 and the maximum is \$5,000 per family for single and married employees (\$2,500 if married and filing separate tax returns). However, you may not elect an amount that is more than your spouse's earned income (if married) or more than half your earned income.

Can I claim these expenses on my tax return?

You cannot claim the items reimbursed to you through the flexible spending account on your tax return. Health care expenses paid through the flexible spending account are 100% tax exempt. On your tax return, medical expenses are only deductible to the extent they exceed 7.5% of your adjusted gross income.

Which is better? Flexible Spending Account for Dependent Care or Child Care Credit?

Generally, those families with an adjusted gross income of \$30,000 or more or who spend more than \$3,000 on care for one child in day care will save more with the flexible spending account plan. However, you should check with your tax advisor before enrolling to ensure this plan is right for you. You cannot use the Child Care Credit for any amounts reimbursed through the Flexible Spending Account plan.

Can I change my election during the plan year?

Generally, no. Under IRS regulations, changes to elections cannot be made unless certain criteria are met allowing for the change. Refer to the Summary Plan Description for a list of conditions that may qualify as a change or contact the Statewide Benefits Unit at 302-739-8331. Your election will terminate at the end of each plan year or when you terminate employment with the State of Delaware during the plan year. To continue participation, you must re-enroll and make a new election each year during open enrollment.

Questions?

Contact Statewide Benefits Unit
at 302-739-8331 or ASI at 1-800-659-3035

Some Over-the-Counter drugs and medications used to treat a medical condition are reimbursable.

Examples include:

*Allergy
Asthma
Cold Relief
Cold Sore Relief
Diabetic Treatment
Eye and Ear Treatment
Foot Treatments
Hemorrhoid Relief
Lice Treatment
Pain Relievers
Smoking Cessation
Stomach Remedies
Toothache
Topical Products
Wart Treatment*

Flexible Spending Accounts are
Administered by:

ASI
P. O. Box 6044
Columbia, MO 65205-6044
1-800-659-3035
Web address: www.asiflex.com
E-mail address: asi@asiflex.com